

**THE TAU BETA PI ASSOCIATION, INC.**  
Knoxville, Tennessee

**FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION**  
July 31, 2019 and 2018

THE TAU BETA PI ASSOCIATION, INC.  
FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION  
July 31, 2019 and 2018

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION.....	3
STATEMENTS OF ACTIVITIES.....	5
STATEMENTS OF CASH FLOWS.....	7
NOTES TO FINANCIAL STATEMENTS.....	8
SUPPLEMENTARY INFORMATION	
SCHEDULE 1 - ANALYSIS OF FELLOWSHIP PROGRAM.....	20
SCHEDULE 2 - COLLEGIATE CHAPTER ACCOUNTS RECEIVABLE.....	22
SCHEDULE 3 - ANALYSIS OF CONVENTION REVENUE AND EXPENSES.....	25
SCHEDULE 4 - INVESTMENT ANALYSIS AND ASSETS HELD BY TRUSTEE.....	26

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Tau Beta Pi Association, Inc.  
Knoxville, Tennessee

**Report on the Financial Statements**

We have audited the accompanying financial statements of The Tau Beta Pi Association, Inc., which comprise the statements of financial position as of July 31, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

---

(Continued)

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tau Beta Pi Association, Inc. as of July 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Association has adopted ASU 2016-14 - *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

## **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The 2019 schedules of analysis of fellowship program, collegiate chapter accounts receivable, analysis of convention revenue and expenses, and investment analysis and assets held by trustee are presented for purposes of additional analysis and are not a required part of the 2019 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 financial statements or to the 2019 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2019 financial statements as a whole.

  
Crowe LLP

Knoxville, Tennessee  
November 22, 2019

THE TAU BETA PI ASSOCIATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 July 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 594,751	\$ 551,834
Accounts receivable		
Chapters	78,809	66,494
Student loans	18,071	20,092
Pledges expected to be received within one year, net	90,901	91,868
<i>The Bent</i> life subscription installments	3,908	1,707
Trust contribution	2,000	-
Other	<u>21,453</u>	<u>28,170</u>
	215,142	208,331
Inventory	60,821	47,537
Beneficial interest in assets held by others, current portion (Note 5)	84,354	82,424
Prepaid expenses	<u>42,109</u>	<u>27,664</u>
Total current assets	997,177	917,790
Pledges expected to be received after one year, net	302,270	207,381
Furniture and equipment, net of accumulated depreciation of \$115,027 and \$113,634 at July 31, 2019 and 2018, respectively	29,665	30,450
Other assets		
Investments (Note 2)	28,543,095	29,430,630
Beneficial interest in assets held by others, net of current portion (Note 5)	<u>799,451</u>	<u>781,151</u>
	<u>29,342,546</u>	<u>30,211,781</u>
	<u>\$ 30,671,658</u>	<u>\$ 31,367,402</u>

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
July 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable		
Chapters	\$ 19,973	\$ 5,300
Laureate awards	14,000	7,000
Fellowship and scholarship stipends	937,160	873,800
Other	<u>11,314</u>	<u>13,719</u>
	982,447	899,819
Accrued expenses	56,852	56,108
Deferred convention revenue	146,430	158,910
Deferred <i>The Bent</i> subscription revenue, current portion	110,534	99,120
Annuity payable, current portion (Note 6)	<u>26,137</u>	<u>19,037</u>
Total current liabilities	1,322,400	1,232,994
Long-term liabilities		
Deferred <i>The Bent</i> subscription revenue, net of current portion	78,535	123,241
<i>The Bent</i> life subscriptions	1,070,507	1,085,037
Annuity payable, net of current portion (Note 6)	<u>118,995</u>	<u>79,353</u>
	1,268,037	1,287,631
Net assets		
Without donor restrictions		
Undesignated	374,942	347,724
Designated (Note 3)	8,153,771	8,888,999
With donor restrictions (Note 3)	<u>19,552,508</u>	<u>19,610,054</u>
	<u>28,081,221</u>	<u>28,846,777</u>
	<u>\$ 30,671,658</u>	<u>\$ 31,367,402</u>

See accompanying notes to financial statements.

THE TAU BETA PI ASSOCIATION, INC.  
STATEMENT OF ACTIVITIES  
Years ended July 31, 2019 and 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and gain on investments</b>			
Initiation and chapter fees and fines	\$ 287,644	\$ -	\$ 287,644
Chapter and individual sales	185,876	-	185,876
Contributions and bequests	1,205,170	713,114	1,918,284
Annual convention	267,158	-	267,158
<i>The Bent</i> publication	148,930	-	148,930
Net life subscription fee transfer	21,940	-	21,940
Student loan interest	1,490	-	1,490
Miscellaneous	35,167	1,000	36,167
Interest and dividends	1,041,551	1,819,317	2,860,868
Net gain (loss) on investments	(1,098,214)	(1,816,118)	(2,914,332)
Beneficial interest in assets held by others	-	20,230	20,230
Net assets released from restrictions (Note 3)	795,089	(795,089)	-
Total revenues and gains on investments	<u>2,891,801</u>	<u>(57,546)</u>	<u>2,834,255</u>
<b>Expenses</b>			
Program services			
Chapter supplies and operations	374,390	-	374,390
Cost of chapter and individual sales	168,240	-	168,240
Annual convention	627,329	-	627,329
District program	228,619	-	228,619
Engineering futures program	122,290	-	122,290
Greater interest in government program	5,403	-	5,403
BULLETIN publication	21,433	-	21,433
Student assistance program	2,378	-	2,378
Laureate program	14,657	-	14,657
Advisor program	27,805	-	27,805
<i>The Bent</i> publication	353,471	-	353,471
Fellowship and scholarship program	1,008,935	-	1,008,935
Alumnus program	58,075	-	58,075
Student loan program	6,538	-	6,538
K-12 mindset program	34,586	-	34,586
McDonald mentor program	6,043	-	6,043
Total program services	<u>3,060,192</u>	<u>-</u>	<u>3,060,192</u>
Support services			
General and administrative	284,007	-	284,007
Alumni giving program	255,612	-	255,612
Total support services	<u>539,619</u>	<u>-</u>	<u>539,619</u>
Total expenses	<u>3,599,811</u>	<u>-</u>	<u>3,599,811</u>
Change in net assets	(708,010)	(57,546)	(765,556)
Net assets at beginning of year	<u>9,218,645</u>	<u>19,610,054</u>	<u>28,828,699</u>
<b>Net assets at end of year</b>	<u>\$ 8,510,635</u>	<u>\$19,552,508</u>	<u>\$28,063,143</u>

See accompanying notes to financial statements.

THE TAU BETA PI ASSOCIATION, INC.  
STATEMENT OF ACTIVITIES  
Years ended July 31, 2019 and 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and gain on investments</b>			
Initiation and chapter fees and fines	\$ 312,203	\$ -	\$ 312,203
Chapter and individual sales	184,877	-	184,877
Contributions and bequests	1,153,056	705,348	1,858,404
Annual convention	261,660	-	261,660
<i>The Bent</i> publication	143,221	-	143,221
Net life subscription fee transfer	47,241	-	47,241
Student loan interest	2,229	-	2,229
Miscellaneous	11,923	-	11,923
Interest and dividends	539,612	914,874	1,454,486
Net gain (loss) on investments	546,518	896,384	1,442,902
Beneficial interest in assets held by others	-	6,633	6,633
Net assets released from restrictions (Note 3)	<u>707,642</u>	<u>(707,642)</u>	<u>-</u>
Total revenues and gains on investments	<u>3,910,182</u>	<u>1,815,597</u>	<u>5,725,779</u>
<b>Expenses</b>			
Program services			
Chapter supplies and operations	385,780	-	385,780
Cost of chapter and individual sales	160,529	-	160,529
Annual convention	575,484	-	575,484
District program	238,843	-	238,843
Engineering futures program	133,887	-	133,887
Greater interest in government program	5,723	-	5,723
BULLETIN publication	22,056	-	22,056
Student assistance program	2,449	-	2,449
Laureate program	11,609	-	11,609
Advisor program	24,967	-	24,967
<i>The Bent</i> publication	369,821	-	369,821
Fellowship and scholarship program	955,165	-	955,165
Alumnus program	63,907	-	63,907
Student loan program	6,783	-	6,783
K-12 mindset program	37,533	-	37,533
McDonald mentor program	<u>4,633</u>	<u>-</u>	<u>4,633</u>
Total program services	<u>2,999,169</u>	<u>-</u>	<u>2,999,169</u>
Support services			
General and administrative	319,754	-	319,754
Alumni giving program	<u>287,109</u>	<u>-</u>	<u>287,109</u>
Total support services	<u>606,863</u>	<u>-</u>	<u>606,863</u>
Total expenses	<u>3,606,032</u>	<u>-</u>	<u>3,606,032</u>
Change in net assets	304,150	1,815,597	2,119,747
Net assets at beginning of year	<u>8,914,495</u>	<u>17,794,457</u>	<u>26,708,952</u>
<b>Net assets at end of year</b>	<u>\$ 9,218,645</u>	<u>\$ 19,610,054</u>	<u>\$28,828,699</u>

See accompanying notes to financial statements.



THE TAU BETA PI ASSOCIATION, INC.  
STATEMENTS OF CASH FLOWS  
Years ended July 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (765,556)	\$ 2,119,747
Adjustments to reconcile change in net assets to net cash from operating activities		
Net life subscription fee transfer	(21,940)	(47,241)
Net (gain) loss on investments	2,896,775	(1,460,980)
Net (gain) loss on disposal of equipment	-	(938)
Depreciation	6,618	7,122
Annuity expense	19,381	13,915
Change in value of beneficial interest in assets held by others	(20,230)	(6,633)
Contributions with donor restrictions received	(713,114)	(694,156)
Changes in operating assets and liabilities		
Accounts receivable	(101,700)	91,236
Inventory	(13,284)	7,019
Prepaid expenses	(14,445)	8,343
Accounts payable	82,628	80,484
Accrued expenses	744	(638)
Deferred convention revenue	(12,480)	21,890
Deferred <i>The Bent</i> subscription revenue	(33,292)	(3,774)
<i>The Bent</i> life subscriptions	7,410	5,555
Annuity payable	(48,277)	-
Net cash from operating activities	<u>1,269,238</u>	<u>140,951</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	7,397,989	5,083,103
Payments for purchase of investments	(9,391,061)	(5,963,105)
Proceeds from disposal of equipment	-	938
Payments for the purchase of equipment	(5,833)	(27,612)
Net cash from investing activities	<u>(1,998,905)</u>	<u>(906,676)</u>
<b>Cash flows from financing activities</b>		
Proceeds from annuity payable	100,000	-
Payments on annuity payable	(24,362)	(19,037)
Proceeds from contributions with donor restrictions received	713,114	694,156
Net cash from financing activities	<u>788,752</u>	<u>675,119</u>
Net change in cash and cash equivalents	59,085	(90,606)
Cash and cash equivalents at beginning of year	<u>648,332</u>	<u>738,938</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 707,417</u>	<u>\$ 648,332</u>
<b>Supplemental disclosures of cash flow information</b>		
Noncash contributions and gifts	\$ (16,168)	\$ (114,576)

See accompanying notes to financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations: The Tau Beta Pi Association, Inc. (the "Association"), a national engineering honor society, was founded at Lehigh University in 1885 by Dr. Edward Higginson Williams, Jr., "to mark in a fitting manner those who have conferred honor upon their Alma Mater by distinguished scholarship and exemplary character as students in engineering, or by their attainments as alumni in the field of engineering, and to foster a spirit of liberal culture in engineering colleges." - Preamble to the Constitution.

The Association consists primarily of collegiate members and chapters whose purposes are to encourage and recognize superior scholarship and/or leadership achievement.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America.

Financial Statement Presentation: Under FASB ASC 958, the Association's basic financial statements consist of a statement of financial position, a statement of activities and a statement of cash flows. Additionally, net assets and revenues, expenses, gains and losses are classified as net assets without donor restrictions or net assets with donor restrictions based on the existence or absence of donor-imposed restrictions.

In accordance with FASB ASC 958, contributions are recorded as without donor restrictions or with donor restrictions support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at a risk-free rate. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions and pledges receivable is provided based upon management's judgment including such factors as prior collection history and type of contribution. All pledges receivable at July 31, 2019 are due within five years.

Use of Estimates in the Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Endowment Funds: The Association has endowment funds that are included in net assets with donor restrictions to ensure the observance of limitations and restrictions placed on the use of contributions and support to the Association. These endowed contributions are permanently invested and the related investment income is restricted for the intended purpose, such as providing fellowships and scholarships to deserving students.

Inventory: Inventory of chapter supplies, individual insignia and certificates is valued at cost, with cost being determined using the first-in, first-out method.

---

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2019 and 2018

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments and Investment Income: Investments in marketable equity securities and all investments in debt securities are reported at their fair values based on quoted market prices in the statements of financial position. Unrealized gains and losses in fair value are recognized as changes in net assets in the period such gains and losses occur.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Investment income is recorded on the accrual basis and considered without donor restrictions unless specifically restricted by the donor. Realized gains and losses on investment transactions are recorded as the difference between proceeds received and cost, net of any commissions or related management expenses.

Furniture and Equipment: Purchased furniture and equipment are stated at cost. Donations of furniture and equipment are recorded as support at their estimated fair value. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose or time of use. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed on the straight-line method over the estimated useful lives of the assets and is considered a cost of operations. Depreciation expense for the years ended July 31, 2019 and 2018 amounted to \$6,618 and \$7,122, respectively.

Initiation Fees: New initiates are charged a fee that is recorded as revenue in the period when the fee is earned. In addition, new initiates are charged an assessment for the following year's convention. The convention assessment is deferred and recognized as revenue in the period that the convention occurs.

The Bent Subscriptions: The Association publishes a quarterly magazine, titled *The Bent*. Members of the Association may purchase the magazine under one of three different subscription plans.

New initiates purchase a separate four-year subscription to the *The Bent* in conjunction with their initiation fee. The Association also sells annual subscriptions. The revenue from these two subscription plans is deferred and recognized over the periods that the subscriptions are distributed.

Members may also purchase life subscriptions to the magazine. The life subscription fee revenue is deferred and recognized as revenue over the average remaining life expectancy of the member.

Donated Services: A substantial number of members have made significant contributions of their time to the Association. The value of this time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Income Taxes: The Association is a not-for-profit corporation pursuant to Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related income pursuant to Section 501(a). Accordingly, no provision for income taxes is required for the Association in the financial statements.

---

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2019 and 2018

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. The Association does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

The Association recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Association has no amounts recorded for unrecognized tax benefits or interest and penalties at July 31, 2019 or July 31, 2018.

Expense Allocation: Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.

Cash and Cash Equivalents: For the purpose of the statement of cash flows, cash includes cash and cash equivalents with original maturities of 90 days or less.

In-Kind Contributions and Expenses: Donated in-kind rent and audit services were received in the current year. The value of these contributions has been recorded as in-kind revenue and expense in the amounts of \$37,386 and \$34,262 for the years ending July 31, 2019 and 2018, respectively. The rental agreement is informal and has an indefinite term.

Concentrations of Credit Risk: Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of cash on deposit and investments. The Association's cash deposits are in financial institutions in Tennessee and may at times exceed federally insured amounts. Investments consist primarily of publicly-traded securities in an open market. Management does not believe the Association has any significant credit risk related to its financial instruments other than normal market volatility.

Allowance for Doubtful Accounts: The allowance for doubtful accounts is determined by management based on the Association's historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net assets or change in net assets.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 7. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates and other factors. Changes in assumptions or in market conditions could significantly affect these estimates.

---

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2019 and 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recent Accounting Pronouncement:** In August 2016, The Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends the current reporting model for non-profit organizations and enhances their required disclosures. The major changes include: (1) requiring the presentation of only two classes of net assets now titled "net assets with donor restriction" and "net assets without donor restriction", (2) requiring that all non-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (3) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (4) presenting investment return net of external investment expenses, and (5) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of non-profit financial statements. The Association has adopted ASU 2016-14 as of and for the year ended July 31, 2019 with retrospective application for all periods presented.

**Subsequent Events:** The Association has performed an analysis of the activities and transactions subsequent to July 31, 2019 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended July 31, 2019. Management has performed their analysis through November 22, 2019, the date the financial statements were available to be issued.

**NOTE 2 - INVESTMENTS**

The following are the major types of investments held by the Association at July 31, 2019 and 2018:

	2019			2018		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Mutual funds - equity	\$ 16,980,954	\$ 25,422,668	\$ 8,441,714	\$ 15,047,859	\$ 26,524,756	\$ 11,476,897
Mutual funds - fixed income	1,848,954	1,870,920	21,966	2,001,515	1,985,925	(15,590)
Money markets	<u>1,249,507</u>	<u>1,249,507</u>	-	<u>919,949</u>	<u>919,949</u>	-
	<u>\$ 20,079,415</u>	<u>\$ 28,543,095</u>	<u>\$ 8,463,680</u>	<u>\$ 17,969,323</u>	<u>\$ 29,430,630</u>	<u>\$ 11,461,307</u>

**NOTE 3 - NET ASSETS**

A summary of net assets with donor restrictions as of July 31, 2019 is as follows:

	<u>With Donor Restrictions</u>
Fellowships and scholarships	\$ 15,643,295
Student assistance	157,782
Petitioning society assistance	25,249
McDonald mentor award	63,535
Chapter endowment initiative	<u>3,662,647</u>
	<u>\$ 19,552,508</u>

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 July 31, 2019 and 2018

**NOTE 3 - NET ASSETS** (Continued)

A summary of net assets with donor restriction as of July 31, 2018 is as follows:

	<u>With Donor Restrictions</u>
Fellowships and scholarships	\$ 16,089,239
Student assistance	158,453
Petitioning society assistance	25,356
McDonald mentor award	67,367
Chapter endowment initiative	<u>3,269,639</u>
	<u>\$ 19,610,054</u>

Net assets with donor restrictions include endowment fund contributions to be kept in perpetuity as well as investment return on endowment funds and contributions for fellowships, which have not been awarded in fellowships, scholarships, awards, or student, staffing and programming assistance as of July 31, 2019 and 2018, respectively.

Expenses related to meeting the donor restrictions are presented as without donor restrictions expenses in the statement of activities, and net assets released are presented as satisfaction of donor restrictions. Net assets released from donor restrictions by awarding fellowships, scholarships, awards and student, staffing and programming assistance amounted to \$795,089 and \$707,642 during the years ended July 31, 2019 and 2018, respectively.

A summary of board-designated net assets as of July 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
<i>The Bent</i> life subscriptions	\$ 1,237,495	\$ 1,467,279
Future conventions	1,906,708	2,107,595
Program development	30,000	30,000
Engineering futures	200,000	200,000
GIG chapter project	45,000	45,000
Fellowships and scholarships	3,973,621	4,297,104
Student loans	178,656	178,583
Gift annuity	52,187	26,198
Chapter endowment initiative	155,104	160,383
Other program support	300,000	301,857
K-12 mindset program	<u>75,000</u>	<u>75,000</u>
	<u>\$ 8,153,771</u>	<u>\$ 8,888,999</u>

**NOTE 4 - PENSION PLAN**

The Association sponsors a defined contribution plan under Internal Revenue Code 403(B) covering substantially all of its employees to which the Association contributes monthly amounts based on the employee's current salary. The related pension expense amounted to \$31,858 and \$28,014 for the years ended July 31, 2019 and 2018, respectively.

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2019 and 2018

---

**NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Association was identified in a trust agreement whereby the donor irrevocably transferred assets at fair value to a perpetual trust naming the Association as a beneficiary in the income earned on the trust assets. Contributions revenue was recognized in the period in which the trust was established to the extent of the estimated present value of the income to be earned during the life of the assets. Annual income received from the trust must be used to provide fellowships and scholarships to students. Based on a discount rate of 10%, the present value of future benefits expected to be received by the Association was estimated to be \$883,805 and \$863,575 at July 31, 2019 and 2018, respectively.

A summary of expected future collections from the trust agreement as of July 31, 2019 is as follows:

Year ending <u>July 31,</u>	
2020	\$ 84,354
2021	76,359
2022	69,121
2023	62,569
2024	56,638
Thereafter	<u>534,764</u>
	<u>\$ 883,805</u>

**NOTE 6 - CHARITABLE GIFT ANNUITY**

The Association entered into an agreement on August 31, 2007 in which it received assets from an individual and in turn is required to pay the donor's spouse \$13,137 annually during her lifetime. These assets are recognized at their fair value at the time of their receipt. The value of these assets received was \$177,527. The value of the annuity payable is the actuarial present value of the obligation based on terms of the annuity, including the donor's present age. As of July 31, 2019 and 2018 the present value of these payments was \$49,459 and \$52,248, respectively, using a discount rate of 6.2%.

The Association entered into an agreement on April 30, 2011 in which it received assets from an individual and in turn is required to pay the donor \$1,475 quarterly during his lifetime. These assets are recognized at their fair value at the time of their receipt. The value of these assets received was \$100,000. The value of the annuity payable is the actuarial present value of the obligation based on terms of the annuity, including the donor's present age. As of July 31, 2019 and 2018 the present value of these payments was \$43,950 and \$46,142, respectively, using a discount rate of 3.0%.

The Association entered into an agreement on October 30, 2018 in which it received assets from an individual and in turn is required to pay the donor \$1,775 quarterly during his lifetime. These assets are recognized at their fair value at the time of their receipt. The value of these assets received was \$100,000. The value of the annuity payable is the actuarial present value of the obligation based on terms of the annuity, including the donor's present age. As of July 31, 2019 the present value of these payments was \$51,723 using a discount rate of 3.4%.

---

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2019 and 2018

**NOTE 7 - FAIR VALUE MEASUREMENTS**

Generally accepted accounting principles requires the categorization of financial assets and liabilities, based on the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to the quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable inputs. The various levels of the fair value hierarchy are described as follows:

Level 1: Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the company has the ability to access.

Level 2: Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable substantially the full term of the asset or liability.

Level 3: Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

The fair values of mutual funds - equity, mutual funds - fixed income, and money markets are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs). The fair value of the Association's beneficial interest has been estimated based upon (level 3 input) the present value of future benefits expected to be received by the Association.

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis as of July 31, 2019 and 2018:

	Fair Value Measurements at July 31, 2019		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Mutual funds - equity	\$ 25,422,668	\$ -	\$ -
Mutual funds - fixed income	1,870,920	-	-
Money markets	1,249,507	-	-
Beneficial interest	-	-	883,805
	<u>\$ 28,543,095</u>	<u>\$ -</u>	<u>\$ 883,805</u>

(Continued)



THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2019 and 2018

**NOTE 7 - FAIR VALUE MEASUREMENTS** (Continued)

	Fair Value Measurements at July 31, 2018		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Mutual funds - equity	\$ 26,524,756	\$ -	\$ -
Mutual funds - fixed income	1,985,925	-	-
Money markets	919,949	-	-
Beneficial interest	-	-	863,575
	<u>\$ 29,430,630</u>	<u>\$ -</u>	<u>\$ 863,575</u>

The table below presents a reconciliation of the asset measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the years ended July 31, 2019 and 2018.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
	Beneficial Interest
Beginning balance, August 1, 2017	\$ 856,942
Total realized and unrealized gains or losses	6,633
Transfers in and/or out of Level 3	<u>-</u>
Balance, July 31, 2018	863,575
Total realized and unrealized gains or losses	20,230
Transfers in and/or out of Level 3	<u>-</u>
Ending balance, July 31, 2019	<u>\$ 883,805</u>

**NOTE 8 - ENDOWMENT**

The Association's endowment consists of approximately 16 individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 July 31, 2019 and 2018

**NOTE 8 - ENDOWMENT** (Continued)

The Board of Directors of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as net assets with donor restrictions to be retained in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restriction amounts not retained in perpetuity are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate with donor restrictions endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Endowment Net Asset Composition by Type of Fund as of July 31, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds	<u>\$ _____</u> -	<u>\$ 10,986,186</u>	<u>\$ 10,986,186</u>

Endowment Net Asset Composition by Type of Fund as of July 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds	<u>\$ _____</u> -	<u>\$ 10,693,663</u>	<u>\$ 10,693,663</u>

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2019 and 2018

**NOTE 8 - ENDOWMENT** (Continued)

Changes in Endowment Net Assets for the years ended July 31, 2019 and 2018:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Endowment net assets, August 1, 2017	\$ -	\$ 9,363,648	\$ 9,363,648
Investment return:			
Investment income	-	476,211	476,211
Net gain (loss) on investments	-	<u>497,246</u>	<u>497,246</u>
Total investment return	-	973,457	973,457
Contributions and bequests	-	696,156	696,156
Transfers	-	(61,440)	(61,440)
Appropriation of endowment assets for expenditure	-	<u>(278,158)</u>	<u>(278,158)</u>
Endowment net assets, July 31, 2018	-	10,693,663	10,693,663
Investment return:			
Interest and Dividends	-	985,858	985,858
Net gain (loss) on investments	-	<u>(1,022,686)</u>	<u>(1,022,686)</u>
Total investment return	-	(36,828)	(36,828)
Contributions and bequests	-	710,514	710,514
Transfers	-	(96,960)	(96,960)
Appropriation of endowment assets for expenditure	-	<u>(284,203)</u>	<u>(284,203)</u>
Endowment net assets, July 31, 2019	<u>\$ -</u>	<u>\$ 10,986,186</u>	<u>\$ 10,986,186</u>

Return Objectives and Risk Parameters: The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term results that provide inter-generational equity and exceeds returns of readily available benchmarks in a combination of widely diversified securities while assuming a moderate level of risk.

Strategies Employed for Achieving Objectives: The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to the community and to develop a new and significant source of revenue for the Association. In doing so, the Endowment Fund will provide a secure, long-term source of funds to: (i) stabilize the Association funding during periods of below normal annual campaigns; (ii) ensure long-term growth; (iii) enhance its ability to meet changing community needs in both the short and long-term; and, (iv) support the administrative expenses of the Association as deemed appropriate.

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2019 and 2018

**NOTE 8 - ENDOWMENT (Continued)**

**Spending Guideline and How the Investment Objectives Relate to Spending Guideline:** Distributions from the endowment or other investments are according to a spending guideline calculated as 5% of the 48 month rolling averaged market value of the investment portfolio. The Association Board of Directors reserves the right to amend or change this spending guideline at any time, including the ability to elect to take no distribution in any given year.

**Funds with Deficiencies:** From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Association to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, there were no deficiencies of this nature that are reported in net assets with donor restrictions for July 31, 2019 and 2018. Deficiencies can result from unfavorable market fluctuations that occurred shortly after the investment of new contributions with donor restrictions in perpetuity and continued appropriation for certain programs that were deemed prudent by the Board of Directors.

**NOTE 9 - ASSOCIATION EXPENSES BY NATURE**

The statements of activities report certain categories of expenses attributable to the programs and supporting functions of the Association. Program Activities include award programs, chapter and member programs, convention, publications, fellowships and scholarships, administrative support, and fundraising. The table below presents these functional expenses by their natural classification for the years ended July 31, 2019 and 2018, respectively.

	2019									
	Program Activities						Supporting Activities			
	Award Programs	Chapter and Member Programs	Convention	Publications	Fellowships and Scholarships	Total Program Activities	Administrative Support	Fundraising	Total Supporting Activities	Total Association Expenses
Salaries and wages	\$ 22,775	\$ 362,327	\$ 144,931	\$ 163,565	\$ 68,325	\$ 761,923	\$ 169,776	\$ 103,522	\$ 273,298	\$ 1,035,221
Sales, services and supplies	19,058	338,623	24,265	33,209	9,835	424,990	39,411	27,688	67,099	492,089
Travel and meetings	6,400	259,653	453,567	-	-	719,620	84,285	-	84,285	803,905
Printing and shipping	-	28,379	3,308	176,607	-	208,294	7,340	124,402	131,742	340,036
Grants to others	-	9,200	-	-	919,360	928,560	-	-	-	928,560
Other	272	2,337	1,258	1,523	11,415	16,805	752	-	752	17,557
<b>Total grants and expenses</b>	<b>\$ 48,505</b>	<b>\$ 1,000,519</b>	<b>\$ 627,329</b>	<b>\$ 374,904</b>	<b>\$ 1,008,935</b>	<b>\$ 3,060,192</b>	<b>\$ 301,564</b>	<b>\$ 255,612</b>	<b>\$ 557,176</b>	<b>\$ 3,617,368</b>

	2018									
	Program Activities						Supporting Activities			
	Award Programs	Chapter and Member Programs	Convention	Publications	Fellowships and Scholarships	Total Program Activities	Administrative Support	Fundraising	Total Supporting Activities	Total Association Expenses
Salaries and wages	\$ 23,438	\$ 372,876	\$ 149,151	\$ 168,327	\$ 70,314	\$ 784,106	\$ 174,719	\$ 106,536	\$ 281,255	\$ 1,065,361
Sales, services and supplies	12,430	344,064	23,591	43,900	10,443	434,428	32,781	31,773	64,554	498,982
Travel and meetings	5,299	273,554	391,757	-	-	670,610	103,719	-	103,719	774,329
Printing and shipping	-	26,997	9,649	177,942	-	214,588	7,694	148,800	156,494	371,082
Grants to others	-	15,900	-	-	862,300	878,200	-	-	-	878,200
Other	42	2,043	1,336	1,708	12,108	17,237	841	-	841	18,078
<b>Total grants and expenses</b>	<b>\$ 41,209</b>	<b>\$ 1,035,434</b>	<b>\$ 575,484</b>	<b>\$ 391,877</b>	<b>\$ 955,165</b>	<b>\$ 2,999,169</b>	<b>\$ 319,754</b>	<b>\$ 287,109</b>	<b>\$ 606,863</b>	<b>\$ 3,606,032</b>

The allocations of certain categories of expenses attributable to more than one program or supporting function are described in Note 1.

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
July 31, 2019 and 2018

---

**NOTE 10 - LIQUIDITY AND AVAILABILITY**

The Association's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 594,751	\$ 551,834
Pledges expected to be received within one year	90,901	91,868
Chapter receivables	78,809	66,494
Distributions from beneficial interest in assets held by others	84,354	82,424
Endowment spendable return	<u>545,000</u>	<u>530,000</u>
 Grand Total	 <u>\$ 1,393,815</u>	 <u>\$ 1,322,620</u>

The Association's goal is generally to maintain a reserve of 60 days of operating expenses in its net working capital with a minimum of thirty business day's cash (approximately \$300,000) in depository and various other checking accounts. As part of its liquidity plan, cash in excess of 90 days of operating expenses is invested in short-term money market investments.

To help manage unanticipated liquidity needs, the Association has a money market account within its investments which can provide two and half to four months (\$750,000 to \$1,200,000) to draw upon. In addition, the Association has net assets without donor restriction of \$8,528,713 and \$9,236,723 as of July 31, 2019 and 2018, respectively. Although the Association does not intend to spend from the board-designated funds (other than amounts appropriated for general expenditures as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

**SUPPLEMENTARY INFORMATION**

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 1 - ANALYSIS OF FELLOWSHIP PROGRAM  
Year ended July 31, 2019

---

FIFE FELLOWSHIPS/SCHOLARSHIPS

Balance July 31, 2018	\$ 56,545
Less:	
Fellowship stipends paid in 2018-19	(30,000)
Fellowship stipend deferral in 2018-19 to 2019-20	(10,000)
Scholarship stipends paid in 2018-19	<u>(10,000)</u>
Balance, Held for Fellowships to be paid during 2019-20	6,545
Received during 2018-19 from William Fife Trust No. 1	<u>70,310</u>
Balance July 31, 2019	76,855
Held for Fellowships to be paid during 2020-21	(6,855)
Fellowships to Be Paid During 2019-20:	
Tau Beta Pi-James Fife Fellow No. 217 (deferral from 2018-19)	10,000
Tau Beta Pi-James Fife Fellows No. 220-226	<u>70,000</u>
Scholarships to be paid during 2019-20:	
Tau Beta Pi-James Fife Scholars	<u>\$ -</u>

REGULAR FELLOWSHIPS

Balance July 31, 2018	\$ 265,000
Less: Stipends paid 2018-19	<u>(265,000)</u>
Balance July 31, 2019	-
Allocated from alumnus contributions and matching gifts and fellowship fund earnings for 2019-20 awards	280,000
Less: Payments made for 2019-20 Fellowships	<u>-</u>
Balance July 31, 2019	<u>\$ 280,000</u>

---

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 1 - ANALYSIS OF FELLOWSHIP PROGRAM  
Year ended July 31, 2019

---

**Schedule 1** (Continued)

Fellowships to be paid during 2019-20:

TBP-Anderson Fellow No. 13	\$ 10,000	TBP-Record Fellow No. 19	10,000
TBP-Anderson Fellow No. 14	10,000	TBP-Record Fellow No. 20	10,000
TBP-Bower Fellow No. 1	10,000	TBP-Sigma Tau Fellow No. 45	10,000
TBP-Centennial Fellow No. 34	10,000	TBP-Spencer Fellow No. 64	10,000
TBP-Dodson Fellow No. 6	10,000	TBP-Swalin Fellow No. 2	10,000
TBP-Forge Fellow No. 8	10,000	TBP-Tau Beta Pi Fellows 823	10,000
TBP-GEICO Fellow No. 4	10,000	TBP-Tau Beta Pi Fellows 824	10,000
TBP-King Fellow No. 58	10,000	TBP-Tau Beta Pi Fellows 825	10,000
TBP-Nagel Fellow No. 22	10,000	TBP-Tau Beta Pi Fellows 826	10,000
TBP-Record Fellow No. 13	10,000	TBP-Tau Beta Pi Fellows 827	10,000
TBP-Record Fellow No. 14	10,000	TBP-Tau Beta Pi Fellows 828	10,000
TBP-Record Fellow No. 15	10,000	TBP-Tau Beta Pi Fellows 829	10,000
TBP-Record Fellow No. 16	10,000	TBP-Williams Fellow No. 40	10,000
TBP-Record Fellow No. 18	10,000	TBP-Zimmerman Fellow No. 8	<u>10,000</u>
			<u>\$ 280,000</u>



THE TAU BETA PI ASSOCIATION, INC.  
 SCHEDULE 2 - COLLEGIATE CHAPTER ACCOUNTS RECEIVABLE  
 July 31, 2019

Chapter	Debit	Credit	Notes	Chapter	Debit	Credit	Notes
AR Alpha	\$ 2	\$ -	3	FL Beta	\$ 39	\$ -	
AZ Alpha	-	(67)		FL Delta	-	(230)	
AZ Beta	200	-	3	FL Epsilon	83	-	
AZ Gamma	35	-		FL Eta	28	-	
CA Alpha	2,452	-	1	FL Gamma	2,305	-	1
CA Alpha Alpha	40	-		FL Zeta	50	-	
CA Alpha Beta	-	(4)		GA Alpha	2,235	-	1,2,4
CA Alpha Delta	10	-		GA Beta	810	-	1,3,4
CA Beta	284	-		IA Alpha	-	(5)	
CA Chi	24	-		IA Beta	189	-	2
CA Delta	64	-		ID Alpha	168	-	1
CA Epsilon	2,146	-	1,3	ID Beta	265	-	2
CA Eta	2,611	-	1	ID Delta	574	-	
CA Gamma	3,234	-		ID Gamma	-	(10)	
CA Iota	1,023	-	1,3	IL Alpha	107	-	
CA Kappa	2,625	-	1,3	IL Beta	709	-	1
CA Lambda	969	-	1	IL Delta	810	-	1
CA Mu	120	-		IL Epsilon	16	-	
CA Nu	1,609	-	1	IL Gamma	1,654	-	1,2
CA Omega	483	-	2,3,4	IL Zeta	10	-	
CA Phi	385	-	1	IN Beta	795	-	1,2,4
CA Psi	-	(97)		IN Delta	-	(100)	
CA Rho	5	-		IN Epsilon	34	-	
CA Tau	-	(33)		IN Gamma	-	(2,766)	
CA Theta	1,037	-	1,3	IN Zeta	24	-	
CA Xi	-	(389)		KS Alpha	1,790	-	1,2
CO Alpha	1,418	-	3,4	KS Gamma	-	(72)	
CO Beta	-	(127)		KY Alpha	20	-	
CO Gamma	112	-		KY Beta	1,134	-	1,3
CO Zeta	1,514	-	1,3,4	KY Gamma	314	-	1
CT Beta	86	-		LA Alpha	25	-	
CT Gamma	652	-	1,3	LA Beta	216	-	2
DC Alpha	1,090	-	1,3	LA Epsilon	669	-	1,3
DC Beta	5	-		LA Gamma	819	-	1,2,3,4
DC Gamma	1,286	-	1,3	MA Alpha	5	-	
DE Alpha	82	-	3	MA Beta	98	-	
FL Alpha	644	-	1,2	MA Delta	5	-	
Alumni Chapters	-	(535)					

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 2 - COLLEGIATE CHAPTER ACCOUNTS RECEIVABLE  
July 31, 2019

Chapter	Debit	Credit	Notes	Chapter	Debit	Credit	Notes
MA Epsilon	\$ 1,708	\$ -	1,3	NJ Delta	\$ 610	\$ -	1
MA Eta	579	-	2	NJ Gamma	43	-	
MA Iota	435	-		NM Beta	198	-	1
MA Theta	105	-		NM Gamma	53	-	
MA Zeta	70	-		NV Alpha	5	-	
MD Alpha	409	-	1,3	NV Beta	0	(111)	
MD Beta	216	-	1,2	NY Alpha	141	-	
MD Delta	26	-		NY Beta	32	-	
MD Epsilon	11	-		NY Delta	715	-	1
MD Gamma	895	-	1	NY Eta	113	-	
ME Alpha	-	(75)		NY Gamma	13	-	
MI Alpha	638	-	1	NY Iota	132	-	
MI Beta	981	-	1,3	NY Mu	624	-	2,3
MI Delta	68	-		NY Omicron	5	-	
MI Epsilon	22	-		NY Rho	1160	-	1,2
MI Eta	-	(46)		NY Sigma	924	-	1,2,3
MI Iota	-	(86)		NY Tau	295	-	1
MI Lambda	495	-	1	NY Theta	5	-	
MI Zeta	-	(129)		NY Upsilon	864	-	1
MN Beta	12	-		OH Alpha	771	-	2
MO Alpha	1,430	-	1,3	OH Delta	26	-	
MO Delta	336	-	1	OH Eta	60	-	
MO Epsilon	390	-	2	OH Kappa	30	-	
MO Gamma	25	-		OH Lambda	-	(24)	
MS Alpha	224	-	2	OH Mu	14	-	
MT Alpha	-	(4)		OH Xi	29	-	
MT Beta	570	-	1	OH Zeta	54	-	
NC Alpha	481	-	1,2	OK Alpha	47	-	
NC Delta	48	-		OK Beta	606	-	1
NC Epsilon	11	-		OK Gamma	129	-	2
NC Gamma	528	-	1	OR Alpha	34	-	
NC Zeta	10	-		OR Beta	5	-	
ND Alpha	-	(62)		OR Delta	944	-	1
NH Alpha	707	-	1	PA Beta	1285	-	1
NH Beta	955	-	1	PA Delta	879	-	1
NJ Alpha	781	-	1	PA Eta	665	-	1
NJ Beta	3,420	-	1,2,3	PA Gamma	5	-	

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
 SCHEDULE 2 - COLLEGIATE CHAPTER ACCOUNTS RECEIVABLE  
 July 31, 2019

Chapter	Debit	Credit	Notes
PA Kappa	\$ -	\$ (21)	
PA Lambda	811	-	1
PA Mu	316	-	1
PA Zeta	71	-	
PR Alpha	84	-	
RI Alpha	5	-	
SC Beta	-	(352)	
TN Beta	760	-	3,4
TN Delta	10	-	
TN Epsilon	1,172	-	1,2
TN Zeta	21	-	
TX Alpha	742	-	2
TX Delta	2,528	-	1,2
TX Epsilon	-	(51)	
TX Gamma	1,000	-	1
TX Iota	-	(132)	
TX Kappa	-	(77)	
TX Lambda	1,783	-	1,2,3
TX Mu	42	-	
TX Zeta	38	-	
UT Alpha	310	-	1
UT Beta	42	-	
VA Alpha	948	-	1
VA Beta	17	-	
VA Delta	5	-	
VA Gamma	39	-	
VT Alpha	192	-	
VT Beta	188	-	1
WA Alpha	10	-	
WA Beta	938	-	1
WA Delta	555	-	1
WI Beta	21	-	
WI Delta	610	-	1
WI Epsilon	176	-	1
WI Gamma	131	-	3
WV Alpha	642	-	1
WY Alpha	-	(141)	
	<u>\$ 84,555</u>	<u>\$ (5,746)</u>	

Significant debit balances of chapter accounts are explained as follows:

Note (1) Chapter reported its Spring 2019 initiation late and/or failed to pay initiation fees.

Note (2) Charge for Graduation Stoles/Honor Cords/Bent Castings/Bent Monument

Note (3) Poor financial management/no or minimal payments made during fiscal year

Note (4) Chapter failed to pay Fall 2018 and/or Spring 2019 initiation fees

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 3 - ANALYSIS OF CONVENTION REVENUE AND EXPENSES  
Year ended July 31, 2019

---

**2018 Convention**

Revenue

Convention assessments for 2018-19 collegiate chapter initiates	\$ 93,360
Ticket sales and billed airfares	94,798
Corporate and other gifts	79,000
Convention Fund dividends	199,895
Market gains, realized & unrealized	<u>(207,565)</u>
	<u>259,488</u>

Expenses

Collegiate chapter	
Voting delegates	285,844
Non-voting delegates	79,494
Advisors	11,547
Alumni chapter	
Voting delegates	22,268
Association officials	110,603
Award recipients	6,400
Headquarters and consultants	29,175
Visitors, guests, and other reimbursed expenses	2,480
Other program expenses	24,300
Trustee fee	1,258
Allocated share of national headquarters	<u>168,896</u>
	<u>742,265</u>

Excess of expenses over revenue \$ (482,777)

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 4 - INVESTMENT ANALYSIS AND ASSETS HELD BY TRUSTEE  
Year Ended July 31, 2019

---

<u>Investments held by PNC Bank (Tau Beta Pi Trust)</u>	
Balance on July 31, 2018	\$ 29,419,813
Additions	
Dividends Earned on Investments	2,790,322
Net Gain (Loss) on Investments	<u>(2,897,060)</u>
	(106,738)
Capital Gifts (donations directly to trust)	
Y. Roberts Stock Gifts (Microsoft/Aetna)	2,532
K. Knox Stock Gift (Crane Co.)	519
J. Arnold Stock Gifts (Cisco/Verizon)	10,261
R. Tolson Direct Donation to Trust (CEI)	3,070
R. Tolson Direct Donation to Trust (CEI)	17,000
Y. Roberts Stock Gift (Schwab Strategy)	<u>2,527</u>
	35,909
Donations held at the Office of the Executive Director	
Chapter Endowments (56)	434,610
Lee Hennis (Fellowships)	100,000
Larry Brandt (Fellowships)	50,000
Robert Pasadyn (Professional Development Fund)	<u>27,000</u>
	611,610
Total Additions	<u>540,781</u>
Deductions	
Net Transfer to Office of Executive Director	1,411,610
Trustee Fees	<u>17,557</u>
Total Deductions	<u>1,429,167</u>
Balance on July 31, 2019	<u>\$ 28,531,427</u>
<u>Investments held by Fidelity Investments</u>	
Balance on July 31, 2018	\$ 3,647
Additions	
Dividends Earned on Investments	75
Net Gain (Loss) on Investments	<u>216</u>
Total Additions	<u>291</u>
Withdrawals	<u>-</u>
Balance on July 31, 2019	<u>\$ 3,938</u>

---

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 4 - INVESTMENT ANALYSIS AND ASSETS HELD BY TRUSTEE  
Year Ended July 31, 2019

---

<u>Investments held by T. Rowe Price</u>	
Balance on July 31, 2018	\$ 3,528
Additions	
Dividends Earned on Investments	89
Net Gain (Loss) on Investments	185
Deposits	-
Total Additions	<u>274</u>
Withdrawals	<u>-</u>
Balance on July 31, 2019	<u>\$ 3,802</u>
<u>Investments held by Vanguard</u>	
Balance on July 31, 2018	\$ 3,642
Additions	
Dividends Earned on Investments	72
Net Gain (Loss) on Investments	214
Deposits	-
Total Additions	<u>286</u>
Withdrawals	<u>-</u>
Balance on July 31, 2019	<u>\$ 3,928</u>
<u>Total Tau Beta Pi Investments as of July 31, 2019</u>	
Balance on July 31, 2018	\$ 29,430,631
Additions	541,632
Deductions	<u>1,429,167</u>
Balance on July 31, 2019	<u>\$ 28,543,096</u>

---

(Continued)

THE TAU BETA PI ASSOCIATION, INC.  
SCHEDULE 4 - INVESTMENT ANALYSIS AND ASSETS HELD BY TRUSTEE  
Year Ended July 31, 2018

Assets Held by PNC Bank as of July 31, 2019

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
125,499	DFA Emerging Markets Value Portfolio (DFEVX)	\$ 3,455,000
8,159	Dodge & Cox Stock Fund (DODGX)	1,558,908
43,233	Harbor Global Leaders Fund (HNGIX)	1,298,852
43,101	Harbor Capital Appreciation Fund (HNACX)	3,253,232
222,112	Harbor International Growth Fund (HNGFX)	3,460,500
87,754	Harbor International Fund (HNINX)	3,250,404
125,122	Harbor Mid Cap Growth Fund (HNMGX)	1,396,361
75,163	Harbor Mid Cap Value Fund (HNMVX)	1,540,100
54,754	Harbor Real Return Fund (HARRX)	510,311
50,562	Harbor Small Cap Value Fund (HNVRX)	1,682,136
128,210	Harbor Small Cap Growth Fund (HNSGX)	1,691,086
113,079	Harbor International Small Cap Fund (HNISX)	1,367,127
91,539	Harbor Large Cap Value Fund (HNVLX)	1,457,294
137,714	Harbor High-Yield Bond Fund (HHYX)	1,360,609
1,249,507	PNC Government Money Market Fund (PKIXX)	<u>1,249,507</u>
	Total PNC Investments	<u>\$ 28,531,427</u>

Assets Held by Fidelity as of July 31, 2019

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
38	Fidelity 500 Index Fund (FUSEX)	\$ 3,937
1	Fidelity Cash (SPAXX)	<u>1</u>
	Total Fidelity Investments	<u>\$ 3,938</u>

Assets Held by T. Rowe Price as of July 31, 2019

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
48	T. Rowe Equity Index 500 (PREIX)	\$ 3,803
-	T. Rowe Price Cash	<u>-</u>
	Total T. Rowe Price Investments	<u>\$ 3,803</u>

Assets Held by Vanguard as of July 31, 2019

<u>Shares</u>	<u>Mutual Fund</u>	<u>Balance</u>
14	Vanguard Total Stock Market Index Fund Admiral Shares (VTSAX)	\$ 3,928
	Total Vanguard Investments	<u>\$ 3,928</u>

Total Tau Beta Pi Investments as of July 31, 2019 \$ 28,543,096